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AUTHOR	Phillips, John; And Others
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ABSTRACT

This document reviews the management of ten student assistance programs, including: the Basic Educational Opportunity Grants (BEOG), the State Student Incentive Grants (SSIG), the Supplementary Educational Opportunity Grants program (SEOG), the College Work Study program (CWSP), the National Direct Student Loan program (NDSL), the Guaranteed Student Loan program (GSLP), Educational Talent Search (ETS), Upward Bound (UB), Special Services for Disadvantaged Students (SSDS), and Educational Opportunity Centers (EOC). Chapters cover policy issues, program management objectives for the 1974-75 program year; coordination of common management functions; improvement of individual program management functions; management resources, costs and benefits; organization and staffing for the Office of Student Assistance; and legislative alternatives for improved management of student assistance and student services programs. (MJM)

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DHEW/USOE TASK FORCE

ON

MANAGEMENT OF STUDENT ASSISTANCE PROGRAMS

Preliminary Report

to the

Deputy Commissioner for Higher Education

John Phillips, Chairman
Richard McVity, Executive Secretary
Chester Avery, Staff Associate
Joan Ca[illegible]n, Staff Associate
Andrea Lewis, Secretary to the Task Force

John Alden
David Bayer
Marion Cr[illegible]t
Harold Jenkins
Martin Kramer
John Proffitt
Rob[illegible]ct Rideout
Leonard Spearman
Cater Voigt

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INTRODUCTION

This Task Force is concerned with the management of ten Federal programs -- including six student assistance programs and four closely-related student services programs. 1/ These ten programs are likely to involve a total Federal expenditure of $1.8 billion during the 1974-75 fiscal year, generating student assistance and student services with a total value of $2.5 billion. These dollar figures are substantial and significant, but they still represent only a small fraction (6.2%) of the $39 billion which is expended annually for postsecondary education in the United States. They account for only about one-fifth of the total expenditures for student assistance and student services from Federal, State, institutional, and private sources, and just 40% of the $4.6 billion which the Federal Government is likely to spend for these purposes in 1974-75. 2/ In other words, while these programs are of critical value and importance, the problem of managing them effectively must be approached with a clear understanding and appreciation of their relatively limited role within the complex web of public, private, and personal expenditures which finance American postsecondary education.

This reminder of the context in which these programs work suggests a companion observation which may be equally important -- namely, that student assistance is simply money. The money may come from

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1/ The six student assistance programs are: (1) the Basic Educational Opportunity Grants program (referred to as the Basic Grant program in this report), (2) the State Student Incentive Grants program (SSIG), (3) the Supplementary Educational Opportunity Grants program (SEOG), (4) the College Work-Study program (CWSP), (5) the National Direct Student Loan program (NDSL), and (6) the Guaranteed Student Loan program (GSLP). The four student services programs are: (1) Educational Talent Search (ETS), (2) Upward Bound (UB), (3) Special Services for Disadvantaged Students (SSDS), and (4) Educational Opportunity Centers (EOC).

2/ Sources: Draft Report of the National Commission on the Financing of Postsecondary Education, and Draft Policy Paper from the Office of Management and Budget dated September, 1973.

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vastly varied original sources, it may be processed and delivered in vastly different ways; it may be called grant money, or work-study money, or loan money, or some other kind of money, but it's all money which is raised and spent to pay the bills for students to take advantage of opportunities for postsecondary education.

The point is important because the subject of student assistance seems lately to have acquired a rather fearful mystique which threatens to defeat analytical processes before they are fully underway. There is a prevailing sense that the subject has become so complex -- even mysterious -- that only the trained and qualified "experts" can legitimately be admitted to the bar of public analysis and discussion. And while it's certainly true that the subject is complex, and that professional skills are required to deal with all of its complexity, it is also worthwhile to remember that beneath all the complexity lies a fairly simple set of propositions -- namely, (1) that many students need money to pay their bills for postsecondary education, (2) that the Federal Government, along with many other public and private agencies, has recognized and responded to this need by making money available from a variety of sources and program authorities to help pay those bills, and (3) that the principal task of the Federal Government's student assistance agencies, along with many other public and private agencies in the field, is to get the money to the students in the fairest, simplest, and most efficient manner possible. These propositions must be understood and pursued with a constant awareness that they relate very closely to the national goals of providing equal opportunity for access to postsecondary education, and assisting in the provision of manpower skills required to sustain our complex technological society.

With these observations and propositions in mind, it seems important for us to do our part in removing some of the mystery which surrounds the subject of student assistance by providing ourselves and our readers with a simple and understandable summary of the Federal student assistance and student services programs with which the Task Force is charged to concern itself (See Chapter I). Next, it seems important for us to identify and and analyze the policy issues in the field of Federal student assistance and student services programs which deserve attention and resolution at policy-making levels before we can expect to obtain lasting solutions to management and organizational difficulties (See Chapter II). Having thus defined the limits of present efforts to improve the management

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of student assistance and student services programs, we are then in a position to define reasonable and immediate objectives for management of these programs in terms which relate clearly and directly to the fundamental task of delivering money and ancillary support services to students (See Chapter III). These general management objectives can then guide our discussion and recommendations concerning management problems which are common to several of the programs with which the Task Force is concerned (See Chapter IV), and also to refine our discussion and recommendations concerning management problems which relate to individual programs (Chapter V). Having thus outlined a "road map" composed of specific action steps which can be taken to bring about effective management of these programs, we must then confront the overriding problem of defining the resources required to carry out these action steps (See Chapter VI), and the attendant problem of an organizational pattern through which to maximize efficient application of these resources to meet our management objectives (See Chapter VII). And finally, of course, we must return to the policy issues which the Task Force cannot resolve on its own initiative, and outline the unfinished agenda of legislative and administrative changes which could bring about more lasting solutions to management difficulties in the field of student assistance and student services (See Chapter VIII).

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CHAPTER I

DESCRIPTION OF PROGRAMS

The following is an effort to describe -- in simple and understandable terms -- the ten Federal student assistance and student services programs with which this Task Force is charged to concern itself, and for which funded operations are anticipated during the 1974-75 program year.

A. Student Assistance Programs

1. Basic Grant Program

Program Description: Basic Grant is a 100% Federally-funded grant program, based on the concept that all students are entitled to receive grant assistance, provided that they are in need of such funds in order to attend an eligible postsecondary institution. The program is designed as the foundation or "floor" upon which, ultimately, all other student aid will be based. 1/ Student eligibility for the Basic Grant program is determined by the Government (through a contractor), using a standard "family contribution schedule" which assesses each family's expected contribution toward eligible costs of attendance, based on standard allowances and expectations with respect to both income and assets. Expected Family Contribution figures are made available to the student, who is then free to arrange with the institution of his or her choice for receipt of the Basic Grant, subject to limits based on the eligible costs of attendance at the chosen institution and on the expected family contribution. Provision is made in the law for certain restrictions on student eligibility and for ratable reduction in years of less than full funding. Individual student Basic Grants are limited in any academic year to $1,400 or one-half of the eligible costs of attendance, whichever is less. The Office of Education publishes a Schedule of Payments which relates family contributions to eligible costs to arrive at individual grant amounts.

1/ Under the present statutory eligibility provisions, unaccredited postsecondary vocational institutions in some States remain ineligible for participation in the Basic Grant program, and Basic Grants are therefore unavailable as a "floor" resource for students attending those schools. DHEW/USOE is pursuing efforts to correct this situation.

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Distribution of Funds: An initial allocation of funds is disbursed directly by the Government to the institution, the amount of which is based on Office of Education estimates. Once individual student grant amounts have been determined by an eligible institution and grant expenditures have been made, the institution furnishes requests for subsequent allocations to the Office of Education at regular intervals. There are technically no limits on the amount of Basic Grant funds which may be paid to institutions within a given State (subject, of course, to overall appropriation limitations). The pattern of payments will thus be modified from year to year in accordance with shifts in student attendance patterns within and among States and institutions. Such a distribution plan maximizes the range of educational options (public-private-proprietary) open to individual students. Owing to the limitations of appropriated funds in the initial years of the program, it has been necessary to seek Congressional approval to limit the size of awards and to restrict eligibility to full-time students newly entering postsecondary education.

Other Pertinent Information: The Basic Grant program is essentially free of State-allocation requirements. By definition, there are no "matching" or "maintenance of effort" requirements applicable to the program. Assuming timely action on budget requests, the forward-funded character of appropriations for the program permits the Office of Education to mount a national dissemination effort with assurance that at least partial funding will definitely be available to meet student demand.

2. State Student Incentive Grant Program

Program Description: This is a program of 50-50 cost sharing (State-Federal) under which States are encouraged to develop or expand programs of grant aid to "substantially needy" students attending eligible institutions of postsecondary education. The States are responsible for selection of grant recipients, subject to review of selection criteria by the U.S. Commissioner of Education. Individual student grants are limited to $1,500 ($750 Federal share) per academic year.

Distribution of Funds: Federal funds are allotted/reallotted to the States based on a formula reflecting current student attendance patterns. Spillover of unallotted funds is permitted in cases where a State will not or cannot take advantage of its current allotment. There is no prescribed sub-allocation procedure,

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although a State may employ whatever distribution procedure is within the overall scope of the statute. There is no provision for any set-aside of administrative expense funds to offset costs incurred by either Federal or State governments in program administration. Disbursements are made directly from the Federal Government to the States.

Other Pertinent Information: The SSIG program will provide a supplement to funding available under the Basic Grant program, and will provide incentives to those States which do not presently operate student grant programs to develop this additional form of assistance. Aggregate State expenditures for student grants were about $313 million in 1972-73, are estimated at $375 million for 1973-74, and are expected to approach $400 million in 1974-75.

3. Supplemental Educational Opportunity Grant Program

Program Description: This is a program of grant aid to "exceptionally needy" undergraduate students, based on financial need calculations made by postsecondary institutions. Student grants under the program, which is one of those to be built on the "floor" provided by Basic Grants, are made from 100% Federal funds; they cannot exceed one-half of the total amount of financial assistance actually awarded to the student for a given academic year (including Basic Grants, College Work-Study, National Direct Student Loan, and State and private scholarships) or $1,500, whichever is less. There is a $4,000 overall ceiling on payments to any student ($5,000 for a five-year study program), and no payment of less than $200 per academic year may be made to any individual student. Renewal payments are also authorized, based on then-current financial need.

Distribution of Funds: Ninety percent of the Federal dollars appropriated annually for the SEOG program are allotted among the States on the basis of student attendance figures. The remaining ten percent is allotted in accordance with the U.S. Commissioner's discretion. Institutional allocations within States are based on the recommendations of regional panels composed of financial aid officers and OE regional staff members who assess the validity and precision of institutional requests. Student payments are made from within institutional allocations, and up to ten percent of an institution's SEOG allocation may be transferred to its College

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Work-Study allocation in a given year (and vice versa) without USOE approval. Participating institutions must maintain their previous levels of student assistance (exclusive of Federal programs) as a condition of continued participation.

Other Pertinent Information: Institutions may claim, from their program allocations, up to three percent of their combined SEOG-CWSP-NDSL expenditures to offset administrative expenses, not to exceed a total of $125,000 per year.

4. College Work-Study Program

Program Description: College Work-Study is a cost-shared program of Federal-plus-institutional support (80-20) for part-time and vacation-period employment for students attending eligible post-secondary institutions, with preference for those with the "greatest financial need," as determined by the institution. Institutions make work assignments available to their students -- including, where possible, educationally significant work assignments -- the earnings from which are applied toward the students' costs of attendance as a means of supplementing financial aid available under the Basic Grant program and from other sources.

Distribution of Funds: The pattern of distribution under this program is similar to that in effect for SEOG. Wages are paid to students by the institutions (or by participating off-campus employers) based on current hourly rates; the institution or agency contributes 20% of the wages paid, and suitable arrangements are made for withholding of any applicable income taxes. Participating institutions must maintain their previous overall level of effort in the student assistance area in order to continue participation.

Other Pertinent Information: Although funds to support the CWS program have remained constant over the past few years, it continues to play an important part in the overall strategy for student assistance at the Federal level. Furthermore, its recent liberalization to employ a relative need standard of student eligibility -- as opposed to an income-based eligibility standard -- is designed to make the program's benefits potentially available to greater numbers of students.

5. National Direct Student Loan Program

Program Description: This is a program of direct loans to financially needy students attending eligible postsecondary institutions.

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The Federal Government contributes 90% of the principal for a revolving loan fund established at each participating institution; institutional funds comprise the remaining 10%. About one-third of all funds currently being loaned is derived from collections. Students' need for this form of assistance is analyzed via systems approved by the Commissioner like those used in the other "college-based" programs (SEOG and CWSP). Loans in an aggregate amount not to exceed $10,000 are made available on a low-interest, incremental repayment basis, with principal repayment deferred until the completion of the student's course of study plus completion of certain forms of public service employment. Principal may be forgiven up to 100% of the amount borrowed, if the student should elect to enter into certain specialized fields of teaching.

Distribution of Funds: Federal funds are distributed annually by means of a State allotment/reallotment formula similar to those used in SEOG and CWSP. The recommendations of regional panels are used here, also, in the determination of institutional allocations. The program was originally envisioned as a self-sustaining fund, with collections providing the funds for later relending. However, the actual rate of collections, the degree of principal cancellation experienced, the overall growth in student attendance, and the growth experienced in the number of participating institutions, have resulted in the continuation of Federal Capital Contributions for longer than originally envisioned.

Other Pertinent Information: The benefits of this program have traditionally been reserved for students with less severe need who might have difficulty qualifying for assistance under other programs. As such, it has been suggested that the program may overlap with the benefits offered under the Guaranteed Student Loan program. There is no institutional maintenance of effort requirement.

6. Guaranteed Student Loan Program

Program Description: GSLP is the largest of the Federal student assistance programs currently authorized, although the funds necessary to provide student loans are provided entirely off-the-Federal-budget through primary and secondary market sources in the private sector. Federal funds are available to pay insurance claims on Federally-insured loans, re-insurance of claims on student loans guaranteed by State or private nonprofit

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agencies, and to subsidize interest payments for students with demonstrated financial need while they are attending eligible postsecondary institutions and during authorized periods of deferment. Financial need is assessed by the institution where the student is enrolled, on the basis of financial information supplied by the student and his family. Students who do not demonstrate financial need may also receive loans, but must make interest payments from their own resources over the entire life of the loan. The Federal Government also pays a special allowance on all loans, subsidized or not, in order to provide lenders with a realistic return. Individual student loans are limited in any academic year to $2,500 with an overall $10,000 limitation during the student's academic career.

Distribution of Funds: Since appropriated funds are involved on a direct, individual case basis, there is no State-allotment or institutional-allocation process. Payments of interest subsidies and special allowances are made on behalf of individual borrowers, and support the central Federal role as insurer and market-facilitator. The Education Amendments of 1972 established the Student Loan Marketing Association as a secondary market source to enhance liquidity in the marketplace and thus stimulate the generation of new loans. SLMA has two major functions it can perform in carrying out this overall strategy -- i.e., to serve as the purchaser of loans or as the warehouser of loans initiated in the primary market.

Other Pertinent Information: The recent introduction of a financial needs test as a prerequisite for a student to receive Federal interest subsidy benefits under this program has reduced accessibility to subsidized loans for students from middle-income circumstances. Furhter, lender reluctance to make non-subsidized loans has deprived many middle-income students of access to any loan at all.

Continued growth of the program to meet student demand for loan assistance is also jeopardized by a growing rate of defaults which induced total Federal claim payments of more than $52 million during 1972-73. Efforts to prevent defaults have been stepped up, together with efforts to collect on defaulted loans. But the problem remains threatening, persistent, and difficult to resolve.

There is also the problem of high interest rates. Until recently, the existence of provisions for making special allowance payments to lenders under changing market conditions has

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been sufficient to offset the problem of high interest rates. But this is still open to question if prime rates should continue to hold close to the 10% level.

B. Student Services Programs

1. Educational Talent Search Program

Program Description: Discretionary grants or contracts are made to/with qualified institutions of postsecondary education and/or combinations of other qualified agencies (including secondary schools in exceptional cases) for the specific purpose of identifying qualified youths from low-income families and encouraging them to undertake postsecondary education. Projects are required to serve as dissemination points for information concerning Federal and other student assistance programs, and to encourage dropouts from secondary and postsecondary schools to re-enter educational programs.

Funding: Direct grants (or contracts) from the DHEW/USOE Regional Office to the grantee (or contractor), on the basis of applications submitted annually and recommendations from regional reading panels.

2. Upward Bound Program

Program Description: This is a discretionary grant program designed to generate the skills and motivation necessary to assure student success in postsecondary educational programs for students who are underachievers in the secondary system. Enrollees are drawn from populations of students from low-income backgrounds, who enroll in essentially full-time programs operated by or with the cooperation of institutions of postsecondary education. Enrollees are authorized to receive stipends of up to $30 per month while participating on a full-time basis.

Funding: Direct grants (or contracts) from the DHEW/USOE Regional Offices to the grantee (or contractor), on the basis of applications submitted annually and recommendations from regional reading panels.

3. Program of Special Services for Disadvantaged Students in College

Program Description: This is a discretionary contract/grant program designed to provide necessary remedial and other services to

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educationally and physica ly handicapped students enrolled (or accepted for enrollment) in postsecondary institutions which benefit from such grants/contracts. Such services (counseling and skill development) are geared to assist students from deprived backgrounds in initiating, continuing, or resuming studies within the institution.

Funding: Direct grant (or contracts) from the DHEW/USOE Regional Offices to the grantee (or contractor), on the basis of applications submitted annually and recommendations from regional reading panels.

4. The Educational Opportunity Centers Program

Program Description: The EOC program is a 75% Federally-funded project grant effort designed to provide, in neighborhoods and other areas with major concentrations of low-income populations, counseling services (including preparation of admission forms) and other necessary support services to help assure access to and tutorial assistance while actually in attendance at institutions of postsecondary education.

Funding: 75% Federal, 25% local support. Discretionary grants (or contracts).

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CHAPTER II

POLICY ISSUES

In attempting to build a coordinated pattern of management and organization for the ten different programs of student assistance and student services, the Task Force has encountered a number of policy issues which are presently unresolved, and which deserve attention and resolution at policy-making levels before we can expect to obtain lasting solutions to management and organizational difficulties.

A. The Goals and Purposes Served by Student Assistance Programs

The comprehensive nature of the Education Amendments of 1972 has focused attention on certain basic questions about the goals and purposes which are intended to be served by the student assistance programs. Examples:

1. The Basic Grants legislation has been widely heralded as a "foundation" or "entitlement" program which would support a national goal of universal accessibility to postsecondary education by making Federal grant monies universally accessible. Yet closer inspection of the legislation raises very real questions as to whether or not the "foundation" or "entitlement" terminology is really accurate. Certainly the law does not contemplate any uniform level of grant support for each enrolled student which would follow either the traditional understanding of "foundation" support in terms of "x dollars per average daily attendance" (as in elementary and secondary finance) or the traditional understanding of "entitlement" in terms of "x dollars per month" (as in veterans and social security benefits programs). What the law does seem to contemplate is the guarantee of universal access to a variable amount of grant assistance up to a maximum of $1,400 or one-half of the total cost of education -- a sliding scale based upon the difference between the total cost of the

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education desired and the expected contribution of the student and his family to pay those costs. In short, the Basic Grants legislation takes the well-established principle of providing grant assistance to students in accordance with their need and extends that principle to cover all students within a fairly broad eligibility range. As such, the Basic Grants program holds out the promise of significant grant assistance to all students with demonstrated need, and it is this potentiality of the program which perhaps prompts the popular usage of "entitlement" references.

The trouble, of course, is that the goal of providing significant grant assistance to all students with demonstrated financial need simply cannot be realized unless the program is fully-funded. In fact, an appropriation at any level which is significantly less than full-funding automatically activates the ratable reduction language of the law; and while the population served by the program remains substantially the same, the individual grants are reduced for all students. The greater the reduction of appropriations from full-funding levels, the greater the reduction of individual grants. Such circumstances can result in a reduction of individual grants to a relatively small proportion of demonstrated financial need. And while it is true that special language in the appropriation bill which restricts grant awards to first- and second-year students will put individual grants back to a meaningful level, the goals and purposes which are effectively served by the program are still fundamentally altered. Instead of providing universal access to a variable amount of grant assistance up to $1,400 in accordance with need, the program ends up providing access only for students enrolled in first- and second-year study programs, and the amounts of grant assistance vary not only according to need but also according to reducing mechanisms which are activated by the necessity to hold aggregate expenditures of Basic Grant funds within the overall appropriation limitation. All of which brings us right back into the all-too-familiar/and thoroughly uncomfortable position

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of being forced by funding limitations to serve very different purposes than those envisioned -- even promised -- in the authorizing legislation. We believe that future negotiations of appropriations to support the Basic Grant program for 1975-76 and future years will eventually resolve this problem.

2. A similar problem arises out of the revision in the College Work-Study law to give preference to students with "the greatest financial need," as determined by the institution. The amendment was inserted with the avowed intention of improving accessibility to the program for students from middle-income circumstances, and particularly middle-income students enrolled in high-cost postsecondary educational programs. The apparent logic behind the amendment was that (a) high-cost institutions would be able to command a larger share of the funds allocated by formula to a given State, on the grounds that students enrolled at such institutions have "the greatest financial need" in comparison with students enrolled at other institutions in the same State, and (b) with larger awards of CWSP funds to the high cost institutions which enroll a higher-than-average proportion of students from middle-income circumstances, an increased number of those students would be able to command CWSP assistance on the grounds that they have "the greatest financial need" in comparison with other students enrolled at the same institution.

This logic is impeccable, but other forces have conspired to effectively defeat it. The amendment took effect concurrently with other amendments which vastly increased the number of postsecondary educational institutions that are eligible to participate in all of the Federal student assistance programs, including the College Work-Study program. As a result, the number of institutions applying for CWSP funds is expanding from year to year, and the constant Federal funding of $270.2 million is necessarily being re-distributed to accommodate the new applicants. Instead of receiving additional funds to assist middle-income students with "the greatest financial need," many institutions find themselves struggling just to maintain their prior-year funding levels. And with constant or marginally declining CWSP resources

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available for distribution among individual students at high-cost institutions, the statutorily-required preference for students with "the greatest financial need" tends to limit the individual awards to students from low-income backgrounds and to squeeze out most of the students from middle-income circumstances. In short, the combined weight of an expanding universe of eligible institutions and a constant level of Federal funding conspires to alter, perhaps even to defeat, the avowed purpose of the amendment to the CWSP authority.

3. Modification of the Guaranteed Student Loan program to include a needs test requirement as a condition of eligibility for interest subsidy benefits raises perhaps the most insistent question about fundamental alteration of a program's goals and purposes. The Guaranteed Student Loan program was originally authorized in 1965 to provide loans of convenience for students from middle-income circumstances -- i.e., loans which would permit the payment of postsecondary educational costs to be spread out over an extended period of time after completion of schooling instead of being concentrated during the in-school period of time. 1/ For students with adjusted family incomes of less than $15,000, interest subsidy benefits were automatically available as an additional convenience feature, relieving them of loan interest costs during the in-school period and the 9- to 12-month grace period following completion of schooling. The automatic interest subsidy benefit was also a significant convenience feature for lenders participating in the program, because it allowed them to make bulk interest billings to the Federal Government for all subsidized loans throughout the in-school and grace periods, rather than making high-cost individual billings to the borrowers themselves. These arrangements facilitated an uninterrupted growth in both the

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1/ Actually, the original Guaranteed Student Loan program included two separate legislative authorities -- namely, Title IV-B of the Higher Education Act of 1965, which provided loans for students enrolled in higher educational institutions, and the National Vocational Student Loan Insurance Act of 1965, a separate piece of legislation which provided loans for students enrolled in public and proprietary vocational schools, and who were ineligible for participation in any of the State aid programs authorized under HEA Title IV-B and NDEA Title II.

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number and the volume of Guaranteed Student Loans made during the eight-year period of 1966-73 as -- in the absence of significant growth in Federally-supported grant assistance -- the Guaranteed Student Loan program became the principal source of Federally-supported assistance to students from middle income circumstances. Introduction of the needs test requirement into the Guaranteed Student Loan program, combined in some fashion with a variety of other factors (e.g., some possible slackening of demand for student loans, lender resistance to increasing paperwork and program complexity, lender concern about evidence of relatively high default rates on student loans, high interest rates, and a tight money supply) has decreased both the number and volume of new Guaranteed Student Loans during the first half of 1973-74. It is difficult to determine the relative importance of the various factors in the decline of new Guaranteed Student Loans, but this much is clear: (a) Guaranteed Student Loans may not be available on any basis -- subsidized or unsubsidized -- to some students from middle-income circumstances who may apply for them, and (b) the need test requirement is working -- together with other factors -- to squeeze out some middle-income students who otherwise would qualify for subsidized loans, who did qualify for subsidized loans under the $15,000 family income rule, and who are the very students whom the program was originally designed to serve.

All three of these examples -- funding of the new Basic Grants legislation, the "greatest financial need" amendment to the College Work-Study law, and the needs test requirement in the subsidized Guaranteed Student Loan program -- serve to underscore the larger policy issue of "who gets what and who should get what?" in the field of student assistance -- one facet of which has come to be popularly described as "the plight of the middle-income student." Operating under the combined weight of statutory and financial constraints which are presently in place -- and which we expect to remain in place for 1974-75 -- it does not appear that this collection of student assistance programs can very effectively address the full needs of many students -- regardless of income levels -- however ardently the authorizing legislation may have sought to serve such broad purposes.

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B. Coordination and Inter-connection of Student Assistance Programs

Among the various interested parties with whom the Task Force has consulted, there appear to be at least three identifiable concepts, any one of which might guide the effort to secure effective coordination and inter-connection of the six student assistance programs. However, the existence of several similar but yet distinctive concepts has instead served more to confuse matters, perhaps even deterring the development of a fully-coordinated approach to the award of various student assistance monies.

These conceptual patterns for inter-connection of student assistance programs are not fully differentiated or clearly identified with specific constituencies. However, for purposes of analysis, they may be briefly summarized as follows:

1. The "Ladder" Concept: This concept derives from the notion that the sum and substance of the Education Amendments of 1972 was mainly the addition of an important new "bottom step" on the traditional "ladder" of Federal student aid resources which could be made available for students to utilize in accordance with the dimensions of their need. In this view, the Basic Grants program replaces and expands the old Educational Opportunity Grants program, providing a guaranteed "first step" for all needy undergraduate students, a "floor" from which students could advance up a "ladder" of successive steps until unmet need is fully satisfied -- the "next step" being other grant assistance (State scholarships and grants, SSIG awards, SEOG, etc.), followed by a College Work-Study grant, a National Direct Student Loan, and finally -- as a last resort -- a Guaranteed Student Loan. This concept implies a general philosophy that grant assistance normally should be explored and exhausted before and in preference to work-study options, and that work opportunities also should be explored and exhausted before considering loan assistance as a last resort to fulfill a student's need.

2. The "Packaging" or "Combinations" Concept: This more traditional concept accepts the grant-work-loan student aid "ladder" as a point of reference, but suggests also that it should simply serve as a point of departure for

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the authorized institutional officer to put together a student aid "package" which is most appropriate to the student's individual circumstances as he perceives them -- a "package" which may draw resources freely from any "step" in the ladder to fulfill the student's need. This concept implies no particular order in which resources normally should be explored except that everything else should be built upon the "floor" supplied by the Basic Grant.

3. The "Self-Help" Concept: This concept is based on the assumption that changes legislated in the Education Amendments of 1972 suggest the logic that institutions routinely build in a "self-help" component, composed of student savings, work and/or loan assistance, immediately on top of the Basic Grant "floor," reserving any additional grant assistance under the Supplemental Educational Opportunity Grant program as a resource of last resort to meet cases of "exceptional need" -- i.e., cases where, in the language of the law, "but for an SEOG award, the student would be financially unable to attend the institution of his or her choice." This concept implies a general philosophy that the "next step" after receipt of a Basic Grant should be work and/or loan assistance if reasonably available -- i.e., self-help -- and that the student aid award system should involve a grant-work-loan-grant pattern.

Under all three of these concepts, the Basic Grant is perceived as the "floor" upon which all other student aid resources are added. However, there are significant variations of perceptions as to just how those other resources ideally should be arranged and brought into play, and these perceptions, in turn, are subject to modifications according to changing funding patterns. These circumstances suggest the possible need for DHEW/USOE to seek Congressional approval of statutory changes which would permit more effective coordination.

C. Need Analysis in Student Assistance Programs

Another way of approaching the problem of program inter-connection would be to visualize the various forms of Federal student assistance on a scale or continuum ranging from the highest to the lowest proportion of tax-dollar support -- i.e., from the most

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"redistributive" forms of student aid to the least "redistributive" forms of student aid. The Basic Grants and the State Student Incentive Grants would be placed at the "redistributive" end of the scale (totally tax-supported) and the Guaranteed Student Loans without subsidy benefits at the other end of the scale (tax-supported only to the extent of the 0-3% special allowance paid to lenders and the contingent cost of payment on loans which default). The Supplemental Educational Opportunity Grants (only the Federal portion is totally tax-supported, and it is accompanied by matching funds supplied by the institution from other sources), the National Direct Student Loans (90% tax-supported) would be spaced near the "redistributive" end of the scale, and the Guaranteed Student Loans with subsidy benefits (maximum of 10% tax-supported plus contingent default costs) would be placed near the "non-redistributive" end of the scale.

This schematic arrangement suggests a natural clustering into four distinguishable types of programs, ranging from those with the highest proportion of tax-dollar involvement (BEOG and SSIGP) through those with a relatively high tax-dollar involvement (SEOG, NDSL and CWSP), those with a relatively low tax-dollar involvement (Guaranteed Student Loans with subsidy), and finally, to those with only a marginal tax-dollar involvement (Guaranteed Student Loans without subsidy). This kind of analysis obviously ties in rather closely with the "ladder" concept discussed earlier. But more important, it also provides a framework for describing and analyzing a third major policy issue within the field of Federal student assistance programs -- namely, the problem of need analysis.

Each of these Federal student assistance programs carries some statutory requirement for Federal monies to be made available in accordance with the dimensions of a student's "need" -- a figure which is produced by subtracting an expected contribution of the student and his family from the student's budgeted cost of education. At the present time, the methods of computing both the expected family contribution and the costs of education vary considerably from program to program, with the result that the dimensions of a student's calculated "need" may also vary from program to program more or less at random. On the family contribution side of the equation, the national schedule employed in the Basic Grants program is, by statutory instruction, necessarily the most consistent standard, yet it cannot possible take as full an accounting of all individual family circumstances as do the various methods of determining the family contribution which may

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be employed by States in administration of State programs, by institutions in administration of the SEOG, CWSP, and NDSL programs and by institutions and lenders in administration of the subsidized Guaranteed Student Loan program. Similarly, on the costs of education side of the equation, the Basic Grants program is required to set nationally consistent standards which, again, cannot take as full an accounting of the extremely variable individual cost factors as may be considered in connection with the other programs. As a result of these factors, the dimensions of a student's derived "need" can and do vary considerably among the several programs.

This medley of different calculated "need" figures for the same student participating in the various student assistance programs has prompted a number of students and their families to raise a logical question as to why it is that calculated "need" can't be computed by a fixed method for purposes of participating in all Federal programs. The question is becoming increasingly troublesome, and the answers which have been suggested do not entirely satisfy the requirements of logic. A better rationale might be that need analysis standards must be exacting and uniform -- even inflexible -- when the student assistance program is totally tax-supported and nationally-administered (as in the case of the Basic Grants and SSIG programs); that such standards can and should be relaxed somewhat when the program is less than totally tax-supported and is also institutionally-administered (as in the case of the SEOG, NDSL and CWSP programs); that such standards can be rendered extremely flexible when the program carries a low proportion of tax support (as in the case of subsidized Guaranteed Student Loans); and that no need analysis standard really should be required at all when the program involves only a marginal proportion of tax support and is designed primarily for convenience (as in the case of non-subsidized Guaranteed Student Loans). In other words, it is suggested that variable levels of calculated "need" for the same student may perhaps be justifiable in terms of the variable rate of taxpayer investment in the programs from which the student derives assistance.

Of course, this rationale for the existence of various calculated "need" figures may make a modicum of sense from the taxpayer stewardship perspective, but it also may sound like a lot of bureaucratic nonsense from the taxpaying family perspective. Here again, OPEW/USOE may wish to seek Congressional approval of statutory changes to bring about more effective coordination.

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As long as these circumstances persist -- i.e., continuing confusion and uncertainty about program goals and purposes, differing perceptions about the proper inter-connection of student assistance programs, and widely variant need analysis calculations -- there is simply no way for the principle of making Federal monies available to students according to their "need" to be carried out in anything like a consistent or uniform fashion in the various Federal student assistance programs, when considered as a group. Unless and until these basic policy issues are resolved, the U.S. Office of Education is confronted with the apparent necessity to perpetuate a variety of application forms, need analysis standards, and processing and delivery systems. And the central management task is one of coordinating disparate systems rather than purporting or attempting to secure high levels of uniformity or consistency.

D. Inter-Relationship Between Student Services and Student Assistance Programs

Under existing legislative authorities, the question arises as to whether it is appropriate and desirable to establish some sort of preference for participants in the student services projects for receipt of aid (particularly grants) under the various student assistance programs. The common characteristic of the student services programs -- which distinguishes them from the student assistance programs -- is their emphasis upon treating "the whole student". They endeavor to provide students not merely with additional financial means, but also with the basic skills which will enable them to both enter and survive the rigors of academic life. On the one hand, such a preferential relationship for such students would tend to enhance the viability of the student services programs as promoters of equal access to postsecondary institutions (and even possibly, of choice among such institutions). On the other hand, it could just as effectively be argued that participation of disadvantaged students in the various student services projects is limited to a small number of students and occurs on such a nearly random basis that preference for the participants in such projects might be unfairly prejudicial to the chances of other such students for financial assistance. In the absence of any clear legal requirement that project participants receive preference for financial assistance, it may be advisable not to establish any premium for participation in them, other than the obvious direct benefits to students to be gained as a result of their participation in these activities.

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CHAPTER III

PROGRAM MANAGEMENT OBJECTIVES FOR THE 1974-75 PROGRAM YEAR

This Task Force is charged with responsibility to bring the ten separate programs of student assistance and student services described earlier into a coordinated pattern of management and organization which will permit delivery of money and services to students in the fairest, simplest, and most efficient manner possible. Thus, our overriding management objective must be to administer these ten programs in a manner which assures efficient and timely availability of the funds provided or generated by these programs to the maximum number of students who may qualify for participation. However, since we are dealing here, in effect, with ten separate legislative authorities, each with its own legislative history, funding level, etcetera, it is necessary to build toward the achievement of this general management objective by defining fairly specific objectives for each program and then creating a framework for effective inter-connection among them. With this general strategy in mind, the Task Force suggests that the following management objectives be adopted for the operation of the several student assistance/student services programs during 1974-75:

A. Student Assistance Programs

1. To administer the Basic Grant program in a manner which assures efficient and timely availability of the $475.0 million contained in the Conference Report to the maximum number of students who are defined by Federal statute and regulation as eligible for participation in the program for 1974-75, and to do so at minimum cost to the Government. Measurements of efficiency/deficiency in meeting this general objective include: (1) the timeliness with which regulations, payment schedules, and application forms are issued after final action is taken on the budget and on the current FCS, (2) the percentage of Basic Grant award notifications which are made available to students in advance of other student aid components, and which therefore can serve their intended function as the "foundation" upon which student aid "packages" may be constructed, and (3) the percentage of the eligible student population to which Basic Grant awards are actually awarded and utilized.

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2. To administer the State Student Incentive Grant program in a manner which assures timely initial allotments of Federal funds to States so that they make efficient use of the $19.0 million in Incentive Grants provided in the Conference Report to assist students of substantial financial need. It is estimated that 76,000 students will receive a total of $38.0 million in grants in some 30-35 States under this program in 1974-75 ($19 million Federal/$19 million State) and that a large proportion of these may also be eligible for a Basic Grant award and/or other forms of Federal student assistance. A measure of efficiency/deficiency in meeting this general objective would be the degree to which grant awards are made to States early enough to allow for coordination of their awards to students with other awards for which those students may also be eligible.

3. To administer the Supplemental Educational Opportunity Grants program in a manner which assures timely institutional awards, so that schools may make efficient use of the $210.3 million provided in the Conference Report to assist students of exceptional need who would not, but for a Supplemental Grant, be financially able to pursue a course of study at those institutions. It is estimated that 304,000 will receive SEOG awards for 1974-75, with an average award of $670, and that a large proportion of those students also will be eligible for a Basic Grant award and/or other forms of Federal student assistance. Measures of efficiency/deficiency in meeting this general objective would include (1) the degree to which the date of awards to institutions are early enough to permit them to make grants to students which will facilitate the student's own timetable for seeking to enroll or re-enroll in an eligible postsecondary institution; (2) the degree to which such grants to students actually make it possible for the estimated number of eligible students to attend such institutions (i.e., are of sufficient average size to close student's entire remaining need gap for the academic year).

4. To administer the College Work-Study program in a manner which assures timely institutional award, so that schools may make efficient use of the $270.2 million for CWSP which is provided in the Conference Report to assist students of great financial need, with preference for students with greatest financial need, as determined by the institution. It is estimated that 560,000 students will participate in the CWSP in 1974-75 (both during the academic year and during vacation periods) with average earnings of $580,

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and that a large proportion of these students will also be eligible for a Basic Grant award and/or other forms of Federal student assistance. A measure of efficiency/deficiency in meeting this general objective would include the degree to which the date of awards to institutions are early enough to permit them to make grants to students which will facilitate the student's own timetable for seeking to enroll or re-enroll in an eligible postsecondary institution.

5. To administer the National Direct Student Loan program in a manner which assures timely institutional awards, so that schools may make efficient use of the $286 million in new Federal capital contributions provided in the Conference Report to assist financially needy students. It is estimated that 682,000 students will receive loans under this program in 1974-75, at an average of $690 per student, and that a large proportion of those students will also be eligible for a Basic Grant award and/or other forms of Federal student assistance. A measure of efficiency/deficiency in meeting this general objective would include the degree to which the date of awards to institutions are early enough to permit them to make grants to students which will facilitate the student's own timetable for seeking to enroll or re-enroll in an eligible postsecondary institution.

6. To administer the Guaranteed Student Loan program in a manner which assures that all eligible students who apply for such loans during 1974-75 actually receive loans. Under present statutory provisions, and present school and lender practices, it is estimated that only 979,000 students will actually receive loans during 1974-75, with an average loan of $1,180 and total loan volume of $1,155 million. Assuming no significant change in statutory provisions which apply to the Guaranteed Student Loan program, the general management objective for 1974-75 must be to reach or exceed these estimated activity levels. Therefore, responsible measurements of efficiency/deficiency in meeting this general objective would include: (1) the number of students to whom loans are actually made for 1974-75, as a percentage of the estimated 979,000 borrowers, (2) the total volume of Guaranteed Student Loans, as a percentage of the estimated $1,155 milion loan volume for 1974-75, (3) reduction of the default rate on Guaranteed Student Loans, in comparison with the 1973-74 default rate, and (4) increase in the dollar amount of collections on defaulted loans, in comparison with 1973-74 collections.

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B. Student Services Programs

1. To administer the Educational Talent Search program in a manner which assures timely award of grants (and/or contracts), so that selected grantees may make efficient use of the $6.0 million provided in the Conference Report in establishing and operating programs to identify qualified youths of financial or cultural need and encourage them to undertake postsecondary education; to publicize existing forms of student financial aid; and to encourage dropouts to re-enter postsecondary educational programs. It is estimated that 146,000 young people will receive counseling appropriate to their needs and capabilities through this program in 1974-75.

2. To administer the Upward Bound program in a manner which assures timely award of grants (and/or contracts), so that selected grantees may make efficient use of the $38.331 million provided in the Conference Report in establishing and operating programs designed to generate skills and motivation necessary for success in postsecondary education. It is estimated that 27,400 low-income students will participate in these programs on essentially a full-time basis in 1974-75.

3. To administer the program of Special Services for Disadvantaged Students in College in a manner which assures the timely award of grants (and/or contracts) so that selected grantees may make efficient use of the $23 million provided in the Conference Report in establishing and operating programs of remedial and other special services for students of deprived backgrounds but with academic potential who are enrolled at the institutions which are the beneficiaries of the grants and who are in need of such services in order to pursue their postsecondary education. It is estimated that 74,200 students will participate in these programs in 1974-75.

4. To administer the Educational Opportunity Centers program in a manner which assures the timely award of grants (and/or contracts), so that selected grantees may make efficient use of the $3 million provided in the Conference Report in establishing and operating new programs designed to serve areas with major concentrations of low-income populations, by providing coordinated information regarding available

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financial and academic assistance; assisting persons in such areas in applying for admission to postsecondary institutions; and offering counseling, tutorial and other necessary assistance to such persons while attending such institutions. It is estimated that 30,000 students will participate in such programs in 1974-75.

In each of these management objectives, the Task Force is consciously seeking to emphasize qualitative as well as quantitative standards for successful administration of these programs, with 1974-75 operations serving as a base year from which to build toward higher standards of management efficiency in 1975-76 and future years. We believe that estimates of dollar amounts, numbers of students served, etcetera, provide only a partial measure of successful administration and that heavy emphasis should be laid upon the timeliness, efficiency, convenience, and simplicity of delivering student assistance and student services. As noted at the outset of this chapter, all of these management objectives for individual program authorities must be gathered together in a coordinated management strategy which speaks directly and affirmatively to the overriding need for delivery of money and services to students in the fairest, simplest, and most efficient manner possible. The balance of this report is devoted to discussion and recommendations for action which the Task Force believes will facilitate the accomplishment of this overriding objective.

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CHAPTER IV

COORDINATION OF COMMON MANAGEMENT FUNCTIONS

The management objectives outlined in Chapter III necessarily must be pursued within the rather untidy framework of diverse program authorities described in Chapter I and unresolved policy issues set forth in Chapter II. That framework contains within it a variety of separate systems through which common management functions are carried out -- functions such as the delivery of money to students, the dissemination of program information to various audiences, the reporting of information about program operations, the monitoring of program operations to assure compliance with legal requirements, and the clearance of program materials. These diverse systems somehow must be gathered together in coordinated patterns if our management objectives are to be realized.

A. Delivery Systems for Student Assistance Monies

There are presently four separate and disparate systems for the delivery of money to students under the Basic Grant program, the various State scholarship and grant programs, the "college-based" programs and the Guaranteed Student Loan program. Seeking to secure resources with which to finance their postsecondary study programs, students may be confronted with as many as four different sets of application materials and four different sets of requests for confidential financial information. This multiplicity of application materials, all of which request a great deal of duplicative information, puts the student and his family through a great deal of labor which appears on its face to be unnecessary and wasteful. Aside from the fact that this massive amount of overlapping and duplicative paperwork places heavy burdens upon the student and his family, it also renders effective coordination of the various programs extremely difficult. The discussion of delivery systems which follows is intended to chart a course towards simplification of the delivery process which will maximize the effectiveness of each dollar expended to support these student assistance programs.

Each of the four delivery systems proceeds on the basis of an approval by the Congress and the President of an appropriation, and the release of the appropriated funds by the Office of

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Management and Budget for use by DHEW/USOE to operate the program(s). However, these funding processes do not always occur at the beginning of the delivery sequence, with the result that deliveries of monies are constantly subject to severe disturbances and delays. Assuming that funds are appropriated and released at some point along the way which permits the final delivery of money to students, the four delivery systems may be summarized as follows:

1. Delivery of a Basic Grant to a student involves:

   a. annual publication by DHEW/USOE of a proposed Family Contribution Schedule in the Federal Register,

   b. approval by the Congress of a Family Contribution Schedule,

   c. annual submission by DHEW/USOE of BEOG application forms and instructions to the Congress for a 30-day review period,

   d. preparation, clearance, printing and national distribution by DHEW/USOE of application forms and instructions which conform with the approved FCS,

   e. award by DHEW/USOE of a contract for the processing of BEOG application forms,

   f. submission by the student and his family of a completed application form to a national processing center,

   g. determination of the expected family contribution by the national processing contractor, and notification to the student,

   h. preparation, clearance, printing and national distribution by DHEW/USOE of a payment schedule which conforms with the approved appropriation level and the approved FCS,

   i. development and implementation by DHEW/USOE of systems for the provision of Basic Grant funds to institutions,

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j. confirmation by DHEW/USOE (if not previously provided) of institution eligibility to receive and disburse Basic Grant funds,

k. issuance of approved expenditure authorities by DHEW/USOE to the institutions,

l. transfer of BEOG funds by DHEW/USOE to institutional disbursement accounts at the National Institutes of Health,

m. award by the institution of a Basic Grant to the student which conforms with the student's expected family contribution and the approved payment schedule, and

n. processing by DHEW/USOE of institutional expenditure data on Basic Grant awards to permit adjustments of institutional expenditure authorities to meet the full needs for Basic Grants to students under the payment schedule.

2. Although the program has not operated previously, the statutory authority and existing State practices indicate that delivery of a State Student Incentive Grant to a student as an additive factor upon existing State scholarship and grant programs will involve:

a. annual publication by DHEW/USOE of a proposed State allotment plan in the Federal Register,

b. annual applications by the States for qualification to participate in the SSIG program,

c. annual identification by DHEW/USOE of the States which desire and qualify to participate in the program,

d. Issuance by DHEW/USOE of approved State allotments,

e. preparation, printing, and distribution by the State agencies of application forms and instructions for State scholarship and grant programs,

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f. submission by the student, or the student and his family, of a completed application form to the State agency, together with materials which permit calculation of the expected family contribution, financial need, and the State scholarship or grant,

g. determination of the State scholarship or grant (including SSIG funds) by the State agency (or its designated agent),

h. notification of the State scholarship or grant award by the State agency to the student or to the student and the institution where the student intends to be enrolled,

i. verification of enrollment by the institution to the State agency, and

j. transfer of State scholarship/grant funds (including SSIG funds) by the State agency to the student or to the institution for delivery to the student.

3. Delivery of a Supplemental Educational Opportunity Grant, a College Work-Study grant, and/or a National Direct Student Loan to a student involves:

a. annual submission by DHEW/USOE of the SEOG/CWSP/NDSL application forms and instructions to the Congress for a 30-day review period,

b. annual publication by DHEW/USOE of the effective date for submission of institutional applications in the Federal Register,

c. annual publication by DHEW/USOE of all proposed rules and regulations for operation of the SEOG/CWSP/NDSL programs in the Federal Register,

d. preparation, clearance, printing and national distribution of institutional application forms and instructions,

e. submission by the institution of a completed application form to the appropriate DHEW/USOE Regional Office,

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f. review of the institutional application by a regional panel composed of regional USOE staff and selected financial aid officers,

g. notification of the regionally-recommended institutional grant award(s) by the DHEW/USOE Regional Office to the institution and to the DHEW/USOE Central Office,

h. appeal of the regionally-recommended amount(s) -- at the option of the institution -- to the DHEW/USOE Regional Office and, subsequently, a national appeals panel organized and directed by the DHEW/USOE Central Office,

i. calculation of the institutional grant award(s) by the DHEW/USOE Central Office, in accordance with statutorily-prescribed State allotment formula(s), and notification to the institution,

j. issuance of approved institutional expenditure authorities by the National Institutes of Health, based upon the grant award(s) certified by the DHEW/USOE Central Office,

k. submission by the student and his family of a completed application for financial aid to the institution, together with materials required by the institution to permit calculation of the expected family contribution, financial need, and the SEOG, CWSP, and/or NDSL individual award(s),

l. determination of the award(s) by the institution, on the basis of statutorily-prescribed student eligibility standards, the information supplied by the student and his family, and funds available, and

m. delivery by the institution of the SEOG, CWSP and/or NDSL award(s) to the student.

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4. Delivery of a subsidized Guaranteed Student Loan involves:

   a. preparation, clearance, printing, and national distribution by DHEW/USOE of application forms and instructions (not required annually),

   b. submission by the student and his family of a completed application form to the institution where the student intends to be enrolled, together with materials required by the institution to permit calculation of the expected family contribution, financial need, etcetera,

   c. determination (and certification on the application form) by the institution of the Guaranteed Student Loan amount recommended for interest subsidy benefits,

   d. submission of the loan application form by the student to an eligible lending institution which participates in the program,

   e. approval of the subsidized loan (and certification of the approval on the application form) by the participating lender,

   f. submission of the application form by the lender to the appropriate DHEW/USOE Regional Office for review and error corrections,

   g. submission of the application form by the DHEW/USOE Regional Office to the national encoder site at Kansas City for detailed editing and determination of loan eligibility,

   h. issuance of the loan commitment by the Kansas City processing center and return of the certified loan application to the lender, and

   i. disbursement of the subsidized insured loan by the lender to the student or to the institution for delivery to the student.

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NOTE: This delivery system applies to subsidized loans under the Federally Insured program where a third-party lender is involved. There are many variations upon this basic delivery system in States which utilize a State or private guarantee agency instead of the direct Federal Insurance Program. There are also significant variations which relate to the involvement of a postsecondary institution or State agency as a lender, and applications for unsubsidized loans under the program.

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While each of these delivery systems is unique, there are three program management elements which are common to all of them and which represent strategic points at which improved coordination might conveniently be secured. As the following table shows, these three elements are: (1) the DHEW/USOE Central Office, (2) the postsecondary educational institutions, and (3) the students and their families.

TABLE 1: Summary of Program Management Elements Involved in the Various Student Assistance Delivery Systems

Program Management Elements	BEOG	SSIG	SEOG CWSP NDSL	GSLP
U.S. Congress	X			
DHEW/USOE Central Office	X	X	X	X
DHEW/USOE National Contractors	X			X
National Institutes of Health	X		X	
Private Need Analysis Services		(X)	(X)	(X)
DHEW/USOE Regional Offices			X	(X)
State Student Assistance Agencies	(X)	X		
State/Private Loan Guarantee Agencies				(X)
Lending Institutions				X
Postsecondary Institutions	X	X	X	X
Students and Their Families	X	X	X	X

(X) Means that involvement is not mandatory in all cases.

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Before proceeding to outline ways and means to utilize these common management elements to secure improved coordination among these four delivery systems, it is important to again remind ourselves of the necessity to pursue such efforts with an awareness of the equally important need to provide convenient linkages between these systems and other systems which deliver aid to students -- Federal, State, private and institutional. Most of these other delivery systems already operate in a roughly (if not perfectly) coordinated fashion with the deliveries of BEOG, SEOG, CWSP, NDSL, and GSLP monies -- with coordinative responsibilities tending to be concentrated mainly upon the postsecondary institutions and the students themselves. However, there is presently no necessary or formalized linkage between these four Federal delivery systems and the delivery systems for various State scholarship and grant programs.

The need for such formalized linkage with State programs has been accentuated by three major factors --

(1) the growing importance of State scholarship and grant programs as major sources of student assistance (47 programs now operating in 29 States with aggregate annual expenditures approaching $400 million for 1974-75);

(2) implementation of the Basic Grants program in 1973-74, with Federal grants being made available directly to students which, under many State programs, must be taken into account in the award of State scholarships and grants; and

(3) anticipated implementation of the SSIG program in 1974-75, with a statutory requirement that Federal funds supplied under the program be matched on a 50-50 basis with appropriated State funds and "packaged" together with these funds for delivery to the student.

These factors certainly argue in favor of a formalized linkage between Federal and State delivery systems. Beyond that, these circumstances suggest an emerging imperative for the State scholarship agencies to be embraced as a fourth key management element in the effort to bring about coordinated deliveries of these Federal student assistance monies to students.

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We noted earlier (Chapter II) that, despite varying perceptions about just how the various Federally-supported student aid monies should be arranged and brought into play, the Basic Grant is commonly perceived as the "floor" upon which all other student aid resources are added. If this perception is shared by all concerned parties, and can be adopted as a guiding management principle, we are then in a position to utilize the four key management elements to secure a coordinated sequence of student aid deliveries -- with Basic Grants serving as the "lead" program in the sequence.

Assuming that Congress can and does approve the annual BEOG Family Contribution Schedule well before the end of the calendar year preceding the fiscal year for which funds are appropriated and released to DHEW/USOE for operation of the programs 1/ -- i.e., by November 1, 1974, for 1975-76 program operations, by November 1, 1975, for 1976-77 program operations, and so on -- the Task Force recommends:

I. that necessary and adequate provisions be made within DHEW/USOE to assure that preparation, clearance, printing and national distribution of the BEOG application forms and instructions is achieved by February 1 of each year;

II. that necessary and adequate provisions be made by DHEW/USOE in the BEOG national processing contract:

   a. to assure that processing of BEOG applications can commence by February 15 of each year;

   b. to assure that information concerning all BEOG applications is recorded by the contractor cumulatively by State of origin; and

   c. to assure that each State receives a cumulative summary of information concerning all BEOG applications received from that State on a monthly basis, with the first monthly report to be issued by March 15 of each year;

1/ Legislation to accomplish annual Congressional approval of the BEOG Family Contribution Schedule by November 1 is presently under consideration.

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III. that necessary and adequate provisions be made by DHEW/USOE with reference to the SSIG program:

a. to assure that proposed State allotment plans for the SSIG program are published in the Federal Register by February 1 of each year;

b. to assure that the States which desire and qualify to participate in the SSIG program are identified by March 1 of each year; and

c. to assure that State allotments for operation of the SSIG program are delivered to the State scholarship agencies by March 15 of each year;

IV. that DHEW/USOE make appropriate arrangements with the State scholarship agencies:

a. to assure that individual records of applications for State scholarships and grants are maintained in a form and manner which permit easy addition of information concerning individual BEOG applications taken from the cumulative monthly reports described under II.c. above; and

b. to assure that a summary report of information concerning the results of an individual's applications for a Basic Grant and a State scholarship or grant is made available on a timely basis by the State scholarship agency to both the student and the institution(s) where the student intends to be enrolled, with the first such reports to be issued by April 1 of each year;

V. that necessary and adequate provisions be made within DHEW/USOE to assure that institutional grant awards for operation of the SEOG, CWSP and NDSL programs are processed and delivered to the postsecondary educational institutions by April 1 of each year;

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VI. that necessary and adequate provisions be made within DHEW/USOE with reference to the GSL program:

a. to assure that GSL program guidelines, application forms and instructions are regularly updated and consolidated to incorporate most recent statutory changes; and

b. to assure that -- when modification of GSLP application materials is required to comply with the program changes -- the preparation, clearance, printing and national distribution of the up-to-date GSLP application forms and instructions is achieved by April 1 of each year; and

VII. that necessary and adequate provisions be made by DHEW/USOE, in cooperation with other Federal agencies responsible for administering various student assistance programs, to insure that the delivery of funds under these various programs is coordinated and that individual students receive funding which is appropriate to their financial needs. Such arrangements should be initiated immediately in cooperation with such agencies and programs as Manpower Development and Training, Vocational Rehabilitation, Bureau of Indian Affairs, Health Professions, Law Enforcement Assistance Administration, etcetera, to maximize the coordination of student assistance deliveries in future years.

These recommendations for a coordinated sequence of student aid deliveries may be summarized as follows:

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TABLE 2: Coordinated Schedule of Student Assistance Deliveries for 1975-76 and Future Years

Recom. No.	Description	JAN 1975	FEB 1975	MAR 1975
I	Distribution of BEOG application materials	→		
II.a.	Beginning of BEOG applications processing	→	→	
II.c.	Beginning of BEOG monthly reports to States	→	→	→
III.a.	Publication of SSIG State allotment plan	→		
III.b.	Identification of States participating in SSIG	→	→	
III.c.	Delivery of SSIG State allotments	→	→	→
IV.b.	Beginning of BEOG/State individual reports to institutions/students	→	→	→
V.	Delivery of SEOG/CWSP/NDSL Grant Awards to Institutions	→	→	→
VI.b	Distribution of GSLP application materials	→	→	→

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If all of these recommended action steps are achieved on schedule, both the institutions and the students will have available to them all of the information and resources necessary to begin the process of putting together student aid "packages" during the month of April in each year, bringing the delivery of these Federally-supported student assistance monies into coordination with the traditional timetable of institutional and individual planning decisions for the succeeding fiscal and academic years.

Obviously, only a limited percentage of student aid "packages" will actually be designed and delivered in April, since --

(1) not all eligible students can be counted upon to make applications for their Basic Grants in time for the record of their applications to be included in the March 15 report to the States;

(2) not all States can be counted upon to determine State scholarship and grant awards and report those results to the institutions and the students by April 1; and

(3) not all institutions and students can be -- or should be -- counted upon to reach final decisions about their arrangements for the ensuing year by the end of April, particularly with respect to the use of loan funds provided under the Guaranteed Student Loan program.

However, the coordinated schedule outlined above will at least make it possible for some student aid "packages" to be designed and delivered in April -- particularly the "packages" for first-time students who most need and deserve early information about student aid resources to make informed choices among alternate access routes to postsecondary opportunities. Furthermore, once the coordinated schedule of information and resource deliveries begins to function, with regularly monthly updates of information about BEOG applications delivered to the States on April 15, May 15, etcetera, and monthly updates of information about BEOG and State scholarship and grant applications on May 1, June 1, etcetera, the design and delivery of additional student aid "packages" can proceed on the basis of timely, informed and efficient decision-making by the students and the institutions during the spring and summer months, as more and more students enter the coordinated process by initiating Basic Grant applications. Finally, it should be noted that implementation of

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these recommendations for coordinated deliveries would not foreclose any options concerning the sequential inter-connection of Federally-supported aid resources which may emerge from policy-level discussions. The system of coordinated deliveries could be easily adapted to accommodate the "ladder" concept, the "packaging" or "combinations" concept, the "self-help" concept, or practically any other variation upon these three concepts of inter-connection identified in Chapter II -- by means of instructions to the State agencies and the institutions as to just how the student aid resources which are passed through the coordinated delivery systems are to be arranged and brought into play for individual student aid "packages".

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The Task Force had hoped that it might be possible to implement these recommendations for a coordinated schedule of student aid deliveries to take effect for 1974-75 program operations. However, even with the most timely action on appropriations, release of funds, and the BEOG Family Contribution Schedule, it appears that it would be difficult to complete the preparation, clearance, printing and national distribution of BEOG application materials much before April 1, 1974. This means that the processing of BEOG applications probably cannot begin until April 15, 1974, and that the BEOG monthly reports cannot begin moving to the States until May 15, 1974. At the same time, we must also take account of the fact that the State Student Incentive Grant program will be getting underway for the first time during 1974-75, with program rules, regulations and State allotment plans still to be finalized for publication in the Federal Register for public comment. It is extremely doubtful whether this process can be completed before April 1, 1974, meaning that the identification of States desiring and qualified to participate in the program for 1974-75 probably cannot be completed until May 1, 1974, and that SSIG State allotments cannot be delivered until May 15, 1974. These circumstances suggest that the combined individual reports of BEOG and State scholarship/grant applications cannot begin to be made available by the States to students and institutions before June 1, 1974, which is also the outside date on which we presently anticipate that SEOG, CWSP, and NDSL grant awards will be delivered to the postsecondary educational institutions. And finally, we must also take account of the fact that some additional time will be required this year to complete the formulation of revised GSLP regulations, and that uncertainties about possible Congressional action on important statutory provisions governing

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the GSL program may well delay the distribution of revised application forms and instructions until June 1, 1974, or even later.

All of these circumstances suggest that, while we are in a position to implement the recommended sequence of student aid deliveries for 1974-75, each step in the sequence is likely to be delayed approximately 60 days from the schedule which the Task Force recommends for implementation in 1975-76 and future years.

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These recommendations for improved coordination of student aid deliveries provide a clear definition of the coordinative responsibilities to be carried by three of the four key management elements -- i.e., the DHEW/USOE Central Office, the State agencies, and the postsecondary institutions. But they do not really focus upon the element which is perhaps most important in the entire process -- namely, the student and his family. As indicated in our earlier discussion of the need analysis policy issue (Chapter II, Part C) and our description of the four different delivery systems for these programs (Chapter IV, Part A, above), the student and his family are presently confronted with a complicated medley of application forms and instructions, requests for financial information, and need analysis systems which operate to confuse and complicate their efforts to efficiently pursue the various sources of student aid. There is a pressing need to resolve the nagging policy questions which perpetuate the variety of demands which are placed upon the student and his family. But efforts to secure resolutions of these policy issues must be approached carefully by all parties concerned, and the resolution certainly is not likely to occur in time to influence program operations for 1974-75. In the meantime, as first steps toward resolution of these policy issues for program operations in 1975-76 and future years, the Task Force recommends:

VIII. that DHEW/USOE immediately take the initiative to call together the various interested parties -- including other Federal agencies as well as private need analysis services, State agencies, institutions, etcetera -- for discussions directed toward the design of a single "student information package" which the student and/or the student and his family could submit for purposes of securing

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a determination of awards under all of these and other closely-related student assistance programs. This "student information package" might well include within it two basic parts -- namely:

a. a "summary of student applicant information" which incorporates all items of information required by DHEW/USOE, State agencies and institutions, and

b. a "confidential statement of financial condition" which incorporates within it all of the items of information required for the different need analysis calculations which are made under the BEOG, State, SEOG, CWSP, NDSL, GSLP and related programs;

IX. that DHEW/USOE also take the initiative to call together the various interested parties for discussions directed toward the design of common terms, definitions, and ground rules to be followed in the development of student cost-of-education budgets for purposes of determining financial need under the various Federally-supported student aid programs.

It is hoped and intended that discussion of these two closely-related and critically-important subjects could proceed to a conclusion by June 30, 1974, in order that recommendations might be tested for adoption and use in connection with the operation of these student assistance programs during 1975-76 and future years.

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B. Dissemination and Training Systems for Student Assistance Programs

A very large number of people are directly involved in the delivery of student assistance monies. Yet they represent only part of the broad and growing universe of people who are involved in the larger marketplace of student assistance programs -- i.e., the "audience" for dissemination and training activities. With the broadening of both student and institutional eligibility for participation in student assistance programs brought about by the Education Amendments of 1972, the universe for dissemination of information about these programs has been expanded to include hundreds of thousands of additional students and several thousand additional institutions -- all of whom must have equal access to information about these programs if the intended purpose of providing equal opportunity for access to postsecondary study programs is to be effectively served.

The universe of intermediate management elements through which dissemination activities must be directed by the new Office of Student Assistance to assure equal access to program information for millions of students and their families includes:

1. various personnel within the DHEW/USOE Central and Regional Offices -- including the planning, budgeting and administration elements within DHEW, parallel elements within the U.S. Office of Education, program management elements within the USOE deputyships for postsecondary education, occupational and adult education, and elementary and secondary education, and all of the specific program management elements within the Office of Student Assistance and its constituent divisions;

2. the leadership of various national organizations, including secondary, postsecondary, and occupational education associations, national organizations of State officials, national lender associations, professional guidance organizations, national veterans organizations, and national student organizations;

3. various State agencies and organizations, such as State executive departments and legislative leadership elements, State departments of education, State

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postsecondary educational agencies, State scholarship and loan agencies, State vocational education agencies, State vocational rehabilitation agencies, State public assistance agencies, State associations of lenders, financial aid officers, college business officers, etcetera;

4. local secondary educational agencies, including superintendents, principals, and counselors in the nation's estimated 23,000 high schools,

5. both executive leadership and program operating elements within the lending community, and the estimated 20,000 lenders which participate in the Guaranteed Student Loan program; and

6. various management elements within the estimated 8,000 eligible postsecondary institutions, including presidents, financial aid officers, business officers, admissions officers, career guidance counselors, placement officers, student special services project directors, directors of various educational opportunity programs, etcetera.

All six of these general categories of management elements have a common need to receive common and up-to-date information about the various alternatives for postsecondary educational study and the student assistance resources available to support access to -- and individual choices among -- the various study program options, in order to fulfill their responsibilities in support of equal opportunity for access.

In addition, several of these management elements need comprehensive and detailed knowledge of student assistance program operations -- i.e., the applications process, need analysis calculations, etcetera -- in order to fulfill their specific responsibilities for day-to-day operation of the programs. This smaller universe of management elements which requires regular training efforts, in addition to on-going dissemination activities, includes:

1. personnel employed within the DHEW/USOE Central and Regional Offices who are specifically responsible for student assistance program operations -- i.e., the Office of Student Assistance and its constituent divisions;

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2. personnel within State postsecondary educational agencies who have specific responsibility for operation of State and Federally-supported student assistance programs -- i.e., State scholarship agencies, State loan agencies, etcetera;

3. career guidance counselors and placement officers in both secondary and postsecondary institutions;

4. personnel responsible for operation of the Guaranteed Student Loan program in lending institutions; and

5. financial aid officers and business officers who administer Federally-supported student assistance programs within the postsecondary institutions.

At the present time, activities sponsored by DHEW/USOE to meet these varied needs for dissemination of information and training in program operations tend to be disparate, uncoordinated, and separated along the lines of legislative program authorities. Dissemination occurs through such devices as periodic newsletter mailings to Regional Offices, State agencies, lenders and schools, publications in the Federal Register, public information campaigns, press releases, magazine articles, inserts into general information catalogues concerning domestic assistance, "Dear Colleague" letters to secondary and/or postsecondary educational institutions, bulk mailings of program information items such as application forms to various redistribution points, and presentations by DHEW/USOE officials in various professional meetings. Training activities tend to revolve mainly around annual application workshops for financial aid officers sponsored by the DHEW/USOE Regional Offices, special training sessions which are sponsored by various USOE divisions as needed to meet critical training needs for program implementation, training institutes for financial aid officers funded under EPDA, and training programs sponsored by various professional organizations. This configuration of dissemination and training activities reflects a significant reduction of effort from the years immediately following enactment of the Higher Education Act of 1965, as the operations of the various student assistance programs contained in that legislation became more regularized and refined. Of course, the Education Amendments of 1972 added several major new programs -- e.g., BEOG, SSIG, and SEOG -- and their introduction suggests the need for a significantly increased effort in the dissemination and training fields.

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of other Federal, State and other offices from which information may be obtained concerning student assistance programs other than those covered in the "Summary" itself; and

c. to assure that appropriate arrangements are made with the State scholarship agencies to assure that general program information concerning State scholarship and grant programs may be easily assimilated into the "Summary";

(It is hoped and intended that this "Summary of Federally-Supported Student Assistance Programs" may be designed in such a manner that it can be used for dissemination directly to the general public, and also for response to individual requests for program information.)

XII. that necessary and adequate provisions be made within DHEW/USOE to assure that the universe of intermediate management elements receives regular updates of general program information as major new developments concerning funding arrangements and statutory changes occur, using the vehicle of a serially-issued administrative bulletin from the Office of Student Assistance; and

XIII. that necessary and adequate provisions be made within DHEW/USOE to assure that all training activities are based upon a comprehensive approach to student assistance, grants, loans and work-study, in order that the inter-relationships between Federal, State, and local student aid programs are understood; and

XIV. that necessary and adequate provisions be made within DHEW/USOE to assure that adequate training materials are provided to the management elements, including:

a. a training manual to be developed along a programmed learning format which would include

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all aspects of aid administration as well as specific elements of coordinated programs administration. While such a training manual would be directed primarily toward the instruction of new and/or inexperienced financial aid officers, it could become the mechanism for group as well as individual self-instruction in a new or modified aid program, and

b. a comprehensive edition of the program manuals for all of these student assistance programs which should be designed for convenient updating in a timely fashion; and

XV. that necessary and adequate provisions be made within DHEW/USOE to assure that the ten USOE Regional Offices have the capacity to provide systematic training for those intermediate management elements which bear specific responsibility for day-to-day operation of student assistance programs, including such activities as counseling, need analysis, "packaging" of student aid resources, recordkeeping, the use of computers, etcetera, and to assure that training sessions are held for:

a. Office of Student Assistance personnel employed within the DHEW/USOE Central and Regional Offices, and personnel employed within State postsecondary educational agencies who are specifically responsible for operation of student assistance programs,

b. student counselors in both secondary and postsecondary educational institutions in yearly training sessions concerning aspects of program operations which are relevant to the populations they serve,

c. personnel employed within lending institutions who are specifically responsible for operation of the Guaranteed Student Loan program, in yearly training sessions,

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d. new and/or inexperienced financial aid officers, in training sessions which include general instruction in aid administration as well as instruction in operation of Federally-supported student aid programs,

e. institutional financial aid officers, in yearly training sessions designed and scheduled to update operational requirements for all Federally-supported aid programs while at the same time functioning as workshops for preparation of the institutional applications for funding under the SEOG, CWS, and NDSL programs, and

f. institutional business officers, in yearly program update sessions which provide general instruction concerning the purposes and functions of student assistance as well as the operational requirements of Federally-supported aid programs.

These recommendations for expansion and reorganization of dissemination and training activities may be summarized in a coordinated annual schedule, as follows:

TABLE 21 Consolidated Schedule of Student Assistance Dissemination and Training Activities for 1975-76 and Future Years

Recom. No.	Description	JUL 1974	AUG 1974	SEP 1974	OCT 1974	NOV 1974	DEC 1974	JAN 1975	FEB 1975
XI.a.	Publication and general dissemination of "Summary of Federally-Supported Student Assistance Programs"							→	
XIV.a.	Publication of Training Manual for New/ Inexperienced Financial Aid Officers		→						
XIV.b.	Publication of Comprehensive Student Assistance Program Manual		→						
XV.a.	Training of DHEW/USOE Central and Regional OSA Staff			→					
XV.b.	Training of Secondary and Postsecondary Guidance Counselors by Regional OSA Staff							→	
XV.c.	Training of Student Loan Personnel from Lending Institutions by Regional OSA Staff							→	
XV.d.	Training of New/Inexperienced Financial Aid Officers by Regional OSA Staff		→						
XV.e.	Training of Financial Aid Officers by Regional OSA Staff				→				
XV...	Training of Business Officers by Regional OSA Staff				→				

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